

Message Text

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44

ACTION AF-18

INFO OCT-01 NEA-11 ISO-00 EB-11 IO-14 PA-04 PRS-01 USIA-15

FEA-02 SCI-06 AGR-20 SPC-03 SAM-01 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 DRC-01 /216 W

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R 311156ZJ AN 74

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 7469

INFO AMEMBASSY ABIDJAN

AMEMBASSY ABU DHABI

USINT ALGIERS

USINT CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

C O N F I D E N T I A L ADDIS ABABA 1180

E.O.11652: GDS

TAGS: ENRG, EFIN, EAID

SUBJ: RELATIONS BETWEEN PROPOSED ARAB BANK FOR INDUSTRIAL
AND AGRICULTURAL DEVELOPMENT (AADB) IN AFRICA AND
AFRICAN DEVELOPMENT BANK (AFDB)

REF: A. STATE 17932; B. ADDIS 1055

1. EMBASSY HAS CONFIDENTIALLY OBTAINED COPY OAU DOCUMENT
INCLUDING PRESENTATION BY AFDB REP LOUIS NEGRE OF SUGGESTIONS
FOR COOPERATION BETWEEN SUBJECT BANKS IN IMPLEMENTING REPORTQD
\$500 MILLION AADB FUND. (THIS FUND NOT TO BE CONFUSED WITH
SEPARATE \$200 MILLION PRICE REHABILITATION FUND DISCUSSED
REF B WHICH AFRICAN S ASKED BE EXTENDED WHILE AWAITING
ESTABLISHMENT AADB.)

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2. NEGRE LISTS SEVERAL POSSIBLE MEANS FOR COOPERATION BETWEEN AADB AND AFDB INCLUDING DIRECT AADB LOANS; JOINT AADB/AFDB LOANS; AADB GUARANTEEING OF AFDB LOANS; AADB PROVISION AND/OR FINANCING OF TECHNICAL ASSISTANCE TO AFDB; AND AADB DIRECT PARTICIPATION IN AFDB SPECIAL FUND OR LONG TERM DROUGHT RELIEF FUND. NEGRE STATES CLEAR AFDB PREFERENCE FOR LATTER TO AVOID COMPETITION BETWEEN TWO BANKS AND OT UTILIZE EFFECTIVELY AFDB LOCAL EXPERTISE.

3. WITH REGARD TO TERMS, NEGRE DESCRIBES AFDB TERMS AS MINIMUM ACCEPTABLE: 6 PERCENT INTEREST, 3/4 PERCENT COMMITMENT FEE 90 DAYS AFTER SIGNATURE, 1 PERCENT ON UNUTILIZED BALANCES, REPAYMENT OVER 15 TO 25 YEARS INCLUDING 3 TO 10 YEARS GRACE. IN VIEW DEBT BUFDENS OF AFRICAN COUNTRIES, NEGRE ARGUES AADB SHOULD ACCEPT TERMS EXISTING AFDB SPECIAL FUND: NO INTEREST, 3/4 PERCENT ADMINISTRATIVE FEE, 50 YEARS REPAYMENT INCLUDING 10 YEARS GRACE.

4. FUNDS PROVIDED SHOULD BE TOTALLY CONVERTIBLE, SUBJECT ONLY TO SIMPLIFIED ADMINISTRATIVE CONDITIONS TO SPEED DIEBURSEMENT, AND AVAILABLE FOR 100 PERCENT LOCAL COST COVER.

5. NEGRE STRESSES THAT ANY AADB ATTEMPT SEEK SHORT OR MEDIUM TERM LOANS AT PREVAILING COMMERCIAL WORLD MARET RATES WOULD RENDER FUND OFFER MEANINGLESS.

6. PARAS 1 (I) AND 2 (C) REF B SUGGEST ABOVE PROPOSAL HAS ALREADY BEEN SUBMITTED FOR CONSIDERATION OF ARAB STATES. ADAIR

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

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Draft Date: 31 JAN 1974
Decaption Date: 01 JAN 1960
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Disposition Authority: golinofr
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Disposition Date: 28 MAY 2004
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30 JUN 2005

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